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THE REGULATION OF RENTALS DURING THE WAR PERIOD

Theodore Roosevelt once declared that America cannot be a country good, or even safe, for any of us until it is such for all of us. Human relations have become so intertwined that the security of any interest is similarly inseparable from that of many other interests. This fact has been demonstrated anew, and with compelling clearness, by the recent war. So profoundly did the war affect every section of the population and every phase of life that it forced both separate states and the federal government to a large number of subsidiary activities. Among these were the endeavors to maintain at fair rates the rentals of dwelling properties, to stabilize housing conditions by curtailing the rights of landlords to dispossess their tenants except for legitimate cause, and in general to adjust such grievances of war workers as related to their housing accommodations.

THE CONGESTION IN HOUSING

Its causes.—Among the earliest consequences of the war were striking dislocations in industry. The demands for manufactured products were staggering in their volume, and they needed to be met with the utmost speed. Moreover, while a considerable

variety of articles was required—munitions, ships, and means of transportation generally, clothing, foodstuffs, etc.—the nature and relative amounts of the demands diverged markedly from those obtaining under peace conditions. Various lines of industry were forced to enormous expansions. Enlarged and new factories, desirous of operating with two, or more commonly three, shifts of workers, appealed for forces of labor greatly in excess, for the most part, of those available in the immediate community. The lure of a high wage, along with patriotism and other motives, attracted vast numbers of workers and their families from parts of the country where labor was in less urgent demand to shipbuilding, munitions, and other industrial centers. In consequence, many cities suddenly felt an acute pressure for housing accommodations.

It so happened, unfortunately, that for years previously the volume of new construction, particularly in the way of workmen's homes, had quite generally been inadequate to replace worn-out structures and to provide for the normal growth in population. The feeling was prevalent in labor circles that home building or ownership is undesirable as diminishing the mobility of labor and thus increasing the dependence upon particular employers. Moreover, there came a progression of new or of increased demands relating to water supply, sewage disposal, plumbing, heating and lighting, and improved standards of life generally.[1] These conspired to increase the cost of houses and thus to make building increasingly difficult to workers. As a general rule, furthermore, rentals failed to keep pace with costs, so that the net returns to landlords showed a downward tendency. In any event, other channels of investment came to be more and more preferred, as promising to be less troublesome while at the same time more secure and more profitable. Funds could be obtained more easily and cheaply for other enterprises than for the construction and operation of dwellings. The outbreak of the war in Europe brought huge war contracts from the allied powers, and this caused a serious drain on the labor of the country, reduced as it was through the virtual cutting off of immigration. America's entry into the war

[1] See *War Emergency Construction: Report of the United States Housing Corporation*, pp. 15 f., 24.

created immense additional demands for supplies, while at the same time withdrawing hundreds of thousands of workers into military service. These conditions, coupled with difficulties and delays in securing building materials, brought the construction of houses for rental purposes practically to a standstill.

In America, therefore, just as in other belligerent countries, industrial and administrative centers experienced an unusual shortage of housing precisely at a time of an unprecedented demand.[1] Moreover, inasmuch as the conditions had militated also against the proper upkeep and repair of dwellings, the quality of the accommodations available to tenants was very commonly far from good.

Its results.—The housing situation soon came to be recognized as a serious menace to the war program. In no small measure it was retarding the output of essential war industries. Factories were frequently unable, because of the shortage in housing, to secure a full complement of men. Laborers, driven on by the dearth of satisfactory and reasonably priced housing accommodations, migrated from one center of industry to another. The labor turnover assumed alarming proportions, due in part, as investigations revealed, to the unsatisfactory housing conditions.[2] Moreover, there was an impairment of efficiency due to worry and discontent. Time and again rentals were sharply advanced, and the advances—perhaps not altogether mysteriously—frequently synchronized with the opening of new factories or with announcements of wage increases. In general, tenants fully realized that certain increases were inevitable and justifiable; that landlords might legitimately seek reimbursement for any added costs in the way of taxes, maintenance, service, and repairs. But too often it

[1] For lists indicating 103 cities in which the housing shortage affected the execution of government contracts, see *Report of the United States Housing Corporation*, December 3, 1918, p. 41.

[2] Cf. Boyd Fisher, "Good Housing as a Reducer of Labor Turnover," National Conference on Housing, *Housing Problems in America*, VII (1918), 147–74. Other references on this topic are given in *Selected Bibliography of Industrial Housing in America and Great Britain During and After the War*, p. 11. This bibliography is appended to Vol. II of *War Emergency Construction*, Washington, Government Printing Office; in the form of a preprint it is available also as a separate folder.

appeared that the landlords were taking advantage of the war conditions to line their pockets at the wage-earners' expense. For, while the costs of labor and material had mounted, rents were advanced out of all proportion to them, until they reached figures two, three, and even four times those previously in force. Structures that had long been vacant because of their run-down condition were rented out, in suites of from two to four rooms, to a number of families, each of whom was charged the ordinary rental of a comfortable cottage.[1] Protests of tenants against increases in rentals, or demands for necessary repairs or promised services and improvements, were countered by threats of dispossession. It was precisely the more skilled workman to whom this situation became intolerable. Cases began to multiply in which valuable mechanics and foremen in factories having war contracts were evicted from their homes solely because of their unwillingness to pay grossly exorbitant rentals or their demand that the houses they occupied should be sufficiently improved so as not to menace the health of their families.

Besides the aforementioned evils, there was still a further objection to the repeated advances in rental. They necessitated increases in wages. Under the existing conditions, however, this was clearly undesirable. The situation demanded rather the removal of all factors which made for an abnormal inflation of wages without any increase of the "real" wage.

PETITIONS FOR RELIEF

The crippling effects upon industry were so apparent that commanding officers of arsenals and navy yards, presidents and employment managers of corporations having war contracts, and local councils of defense joined with labor unions and individual tenants in sending protests to Washington, as well as to governors and to state legislatures, and in urging that remedial measures be

[1] Roomers were in some instances charged from $4.00 to $6.00 a week for the privilege of occupying a berth, during either a day or a night shift, in a room crowded with double-deck cots. There were cases in which the monthly rental received exceeded 10 per cent of the value of the house. There is record of one owner who received a rental which, computed for the year, amounted to more than 150 per cent of the value of the property.

taken. City councils and boards of commissioners not infrequently appointed committees to assist individuals and families in finding suitable accommodations and to insure to tenants every protection afforded by the law. But municipal governments likewise found it necessary to petition assistance from both state and federal authorities.[1] Reports, letters, and petitions setting forth

[1] The City Council of Cleveland, Ohio, for example, adopted the following resolution:

WHEREAS, It appears that rentals in residences and dwelling apartments have been advanced through this city out of proportion to the increases which have been granted to wage earners; and

WHEREAS, Numerous of these advances are without any justification, for the reason that the property has not increased in value, nor the taxes thereon been materially increased; in fact, in some cases the values have depreciated, which fact has been taken into consideration by the taxing authorities; and

WHEREAS, These causes are creating an undue hardship upon the average wage-earner, who is the mainstay of the government, and whose support is essential to the successful termination of the world war: Now, therefore, be it

Resolved by the Council of the City of Cleveland, State of Ohio, that it is the opinion of this Council that immediate measures should be taken to regulate the rents, and that a certified copy of this resolution be sent to the President of the United States, the senators and the congressmen from this city for their consideration, and requesting them to take such action as will be necessary to correct the above conditions.

Colonel L. T. Hillman, the commanding officer of the Rock Island Arsenal, wrote, under the date of July 10, 1918, as follows:

The demand for houses has enabled owners not only to demand rents out of all proportion to the value of the property and accommodations provided, but it also tempts them to place unreasonable restrictions upon tenants, such as prohibition of room renting and housing of children, etc. . . . . This arsenal is daily losing from five to ten men on account of the increase in rents and because of the prohibitive clauses, as far as families and children are concerned, demanded by the owners of property. . . . . Prompt action on the above is requested by the Commanding Officer, Rock Island Arsenal, in order to relieve a situation which is daily becoming more serious and which threatens the successful carrying on of the work that this arsenal is charged with the responsibility of accomplishing.

In a memorandum dated July 23, 1918, the commandant of the navy yard of Mare Island, California, said:

The uncalled for raising of rentals in Vallejo has given the Navy Yard much embarrassment and has been the cause of discontent among the workmen and the inability of the Yard to secure the services of good mechanics who would not put up with the treatment to which they had been subjected in Vallejo. It is well known that an increase in pay of Navy Yard workmen is invariably followed by an increase in rents and other costs of living. Property owners in Vallejo do not base their rents on what might be considered a reasonable profit on the investment, but as to how far they can go to extort from workmen the major portion of their increasing wages. . . . . This Yard, with its present equipment, could employ about 1,500 additional mechanics, and the inability to do so is due purely to the congestion in Vallejo and to the fact that comfortable accommodations at reasonable rates cannot be obtained.

These letters, along with others, and portions of those paragraphs in this paper which relate to the housing conditions and to the work of local committees on rent profiteering, are included in a report prepared by the present writer for the forthcoming Volume I of *War Emergency Construction, Housing War Workers: Report of the United States Housing Corporation*. For further details concerning a number of the matters touched upon in this paper, the reader may be referred to this volume.

the evils due to the housing shortage and to the resultant profiteering in rents were submitted by the hundreds.

INCREASING THE SUPPLY OF ACCOMMODATIONS

The most obvious way of meeting the situation was by increasing the supply of available accommodations. Toward this end various measures were adopted.

1. In many cities large building programs were put under way by the federal government. It was recognized, however, that construction is costly; that it requires a considerable period of time, and must, therefore, be supplemented by other measures in cases of emergency; that it involves the use of labor and materials which, at the moment, were greatly needed elsewhere; that, with the return of peace conditions and the possible efflux of large bodies of workers from certain war centers, it might leave these cities with an excess of housing which would represent an economic loss and undermine real estate values; that the federal government should not engage in the building and operation of industrial housing, except in so far as there was no other resource. For these reasons the building programs of the United States Housing Corporation and the Shipping Board were kept to a minimum. The new construction, however, even though not sufficiently advanced at the signing of the armistice to house any relatively large number of families, nevertheless had a stabilizing effect from the beginning in that it gave workers a definite expectation of improved conditions and tended to put a certain check upon landlords.

2. The federal government stimulated and aided private capital to build houses for war workers.

3. Extensions or improvements were made in transportation facilities so as to render available to workers in congested communities any unused housing in nearby localities.[1]

4. Concurrently with, or antecedently to, the foregoing, systematized efforts were put forth, under the direction of federal

[1] For detailed accounts of work done in this direction see *Report of the United States Housing Corporation*, December 3, 1918, pp. 14 f., 43 ff.; also the forthcoming Volume I of *War Emergency Construction*.

representatives, to bring to the fullest and best possible use all the existing housing facilities in war centers. Vacancy canvasses were made; property owners and householders were urged—through patriotic appeals made by the use of the press, the pulpit, circular letters, and posters—to provide homes for individuals and families; and comprehensive and up-to-date lists of available accommodations were kept in centrally located offices for the use of homeseekers.[1]

The various measures just mentioned promised a very considerable relief. It seemed necessary, however, to attack rent profiteering not merely indirectly, through increasing the supply of available accommodations, but also directly, that is, through legislative and executive action and through carefully organized local committees on rent profiteering.

LEGISLATIVE REGULATION OF RENTALS IN ALLIED COUNTRIES

In this latter task, as in so many other matters, America had an opportunity to profit by the experiences of the nations earlier in the war.

1. France enacted a law, as early as December, 1914, whereby the dependents of men with the colors were exempted from the payment of rent for a period of six months. This period was subsequently extended from time to time until the adoption, on March 9, 1918, of a comprehensive law relating to the cancellation or modification of leases and to the payment of rents. By this

[1] This was the central task of the United States Homes Registration Service, which had its origin in April, 1918, and on June 13 following was committed to the supervision of a separate division of the Bureau of Industrial Housing and Transportation. Operating through local committees, it rendered a very significant service. In the brief period of its existence registration bureaus were organized in eighty-eight cities, and these reported to Washington a total of 71,481 individuals or families assisted to housing accommodations by the end of June, 1919, when federal supervision ceased for lack of appropriations. It is estimated that the actual number of placements made was fully twice those of which a record was possible and was sent to Washington. A somewhat detailed statement of the organization, the methods, and the achievements of the United States Homes Registration Service will appear in Volume I of *War Emergency Construction*. See also *Report of the United States Housing Corporation*, December 3, 1918, pp. 12 ff., 39 ff.; also articles by the present writer on "The United States Homes Registration Service as a Civic Asset," *The American City*, April, 1919, and "The House, the Community, and the United States Homes Registration Service," *City and State*, March, 1919, and *The Chicago Real Estate Board Bulletin*, March, 1919.

law tenants of small dwellings[1] who were serving in the army, who had been discharged because of wounds or illness, or who were receiving military or certain other specified allowances, poor relief, or assistance in accordance with a law passed on July 14, 1905, were entitled to claim exemption from the payment of rent during the war and for six months following its termination. Moreover, leases could be canceled without indemnity when tenants were killed or died while in military service, or if they were rendered incapable of continuing their previous occupation, or if their business capacity was permanently reduced as a direct result of the war. Until six months after the termination of the war legal proceedings against mobilized tenants were forbidden; for one year following the promulgation of the law, the same prohibition applied also to widows and dependents of soldiers killed since August 1, 1914, to wives of soldiers officially reported as missing, to soldiers discharged because of wounds or illness due to the war, and to wives and families of men retained by the enemy in invaded districts or interned in enemy or neutral countries. Tenants were privileged, upon demand, to have their leases extended for two years in the case of dwellings, and for a period equal to that from their mobilization until the close of the war in the case of business premises. Lessors whose tenants were thus freed from liability were privileged to receive an indemnity from the state not exceeding 50 per cent of their losses if their net income did not exceed 1,000 francs in towns under 100,000 population, 1,600 francs in large towns, and 2,000 francs in Paris and the Seine department. Owners deprived of a considerable part of their resources and in consequence unable to pay mortgage instalments were granted a period of delay as might be determined by an agency set up for this purpose.[2]

2. Great Britain's first legislation restricting the increase of rents and of mortgage interest was enacted on December 23, 1915. The

[1] Small dwellings were defined as quarters commanding an annual rental not exceeding 500, 350, 250, 150, 100, and 75 francs in the case of unmarried tenants, and of 600, 400, 300, 200, 150, and 100 francs in the case of married tenants, according as the quarters were located, respectively, in Paris and the neighboring district, or in communes having over 100,000 population, between 20,000 and 100,000 population, between 5,000 and 20,000 population, between 1,000 and 5,000 population, or less than 1,000 population.

[2] See the issue for March 12, 1918, of *Journal Officiel de la République Française.*

act was limited in its application to dwellings whose annual rental did not exceed £35, £30, or £26, according as they were located, respectively, in the metropolitan police district, including the city of London, in Scotland, or elsewhere. For the period extending from the date on which the bill was introduced, November 25, 1915, to six months after the termination of the war, increases above the standard rent—presently to be defined—were made irrecoverable, except only (*a*) increases amounting to 6 per cent per annum of the cost of any improvements or structural repairs made after the declaration of war, (*b*) any increased outlay over the pre-war period in taxes or rates, such as water rent, which are really chargeable to the occupants of the house, and (*c*) increases in the mortgage interest arising as a result of demands made prior to August 4, 1914. Tenants who, through ignorance or otherwise, paid an amount in excess of the above were privileged to recover it or to deduct it from rents further payable. By standard rent was meant the rent at which the dwelling was let on August 3, 1914; or, if it was not then rented, the last previous rent; or, if rented only later, the first rent that was charged. It was stipulated further that no tenant could be evicted so long as he continued to pay rent at the agreed rate as modified by the act and to perform the other conditions of the tenancy, except on the ground that he

> has committed waste or has been guilty of conduct which is a nuisance or an annoyance to neighboring occupiers, or that the premises are reasonably required by the landlord for the occupation of himself or some other person in his employ, or in the employ of some tenant from him, or on some other ground which may be deemed satisfactory by the court.

As a protection to the landlords who were restricted in their rental charges, it was provided that mortgages on their property might not be called in so long as the interest was promptly paid and the equity was not impaired through lack of repairs; nor could the rate of interest be increased beyond that in force on August 3, 1914, or, in the case of a mortgage of a later date, beyond the original rate.[1]

[1] Great Britain's "Increase of Rent and Mortgage Interest (War Restrictions) Act, 1915," and certain later amendments are reproduced in the published *Hearings before the United States Senate Subcommittee on the District of Columbia on the Bill H.R. 9248*, pp. 57 ff.

3. New Zealand passed a War Legislation Amendment Act in 1916 which departed from the provisions of the British act just mentioned in only relatively insignificant details, which need not here be enumerated.[1]

4. New South Wales, however, proceeded along markedly different lines. Instead of prohibiting increases in rental beyond specified rates, it established "fair rents courts," consisting of a stipendiary or police magistrate, appointed by the governor upon the recommendation of the public service board and sitting at such times and places as the governor might direct. The Fair Rents Act, No. 66, 1915, adopted on December 29, 1915, was made effective on January 1, 1916. It was restricted in its application to localities appointed by the governor and proclaimed in the *Gazette;* also to dwellings subject to a lease made either before or after the commencement of the act for a term not exceeding three years, at a rent not exceeding £156 a year, though including dwellings which at any time during a period of six months before the passing of the act had been rented for not more than £156 a year. If coming within this sphere of application, lessors or lessees who paid or tendered all rent payable under the lease were privileged to apply to the court for a determination by it of the fair rent. The rent so determined was to be effective as from a date not earlier than the date of the application to the court up to a time not less than six months or more than three years (according as the court might decide) after the decision. In computing the rental the court was instructed first to ascertain the value of the property. This was to be done by adding to the bona fide value of the land the estimated cost (at the time of the application) of erecting a similar dwelling, and by then deducting a reasonable sum for depreciation. The fair rent was to be determined

at a rate at not less than the rate of interest . . . . for the time being charged upon overdrafts by the Commonwealth Bank of Australia and not more than two and a half per centum above such last-mentioned rate, on the capital value of the dwelling house determined as aforesaid plus the annual rates and taxes on the same, plus the amount estimated to be required annually for repairs (including painting), maintenance and renewal, and plus insurance

[1] See *ibid.*, pp. 65 ff.

of any buildings, and plus an amount estimated to be the annual depreciation in the value of the buildings, if such depreciation diminishes their letting value, and plus such amount, if any, as the courts may deem proper to be allowed for the estimated time per year when the dwelling house may be untenanted: *Provided*, That excepting where circumstances which render an increase equitable are proved to the satisfaction of the court, the fair rent shall not exceed the rent at which the dwelling was let on the first day of January, one thousand nine hundred and fifteen.

Further sections protect the lessee from an increase of rent and from eviction during the pendency of an application to the court; forbid further application to the court during a period in which a determination is in force except as to lessors who satisfy the registrar of the court that substantial alterations or additions have been made since the determination of the rental, or that there are otherwise largely increased costs in connection with the property; subject those letting their properties at, or knowingly receiving, sums in excess of the determined fair rental to a penalty not exceeding £20, and those who by threats endeavor to prevent or dissuade lessees from making or prosecuting an application to the courts to a penalty not exceeding £50. For other offenses of a similar sort the law likewise provided penalties.[1]

LEGISLATIVE AND EXECUTIVE ACTION OF STATE AUTHORITIES

The earliest legislative action to be taken in the United States was on the part of separate states and was radically different in character from any thus far described. On March 13, 1917, and thus just prior to America's declaration of war, the Delaware legislature passed an amendment making more specific the manner in which notices terminating leases must be served.[2] Disregarding

[1] See *ibid.*, pp. 61 ff. I find among my notes, made many months ago, a description which I cannot now verify of the following temporary government regulations regarding rentals adopted in Russia after the outbreak of the war: (1) Rents as before August 1, 1914, might be increased 15 per cent in the case of houses rented before 1912; 25 per cent in the case of houses rented since 1912. (2) Increases were further allowed in an amount to cover advances in the cost of fuel and of service; also special repairs and alterations. (3) Many restrictions were placed on evictions. Special rent inspectors and municipal rent courts were appointed to settle disputed cases. (4) The foregoing provisions did not apply to hotels and lodging houses of over ten rooms. As respects them, prices might be established by the city governments.

[2] See *Laws of Delaware*, chap. 260, p. 848.

this measure as not designed to meet a specific war emergency, the first legislation affecting rentals was enacted in Maine on April 7, 1917, to go into effect on July 7, 1917.

1. *Maine.*—The act just mentioned provided that any action against a person in the service of the United States or of Maine during the existing war should, upon the request of the defendant, be continued without cost to either party until the expiration of the defendant's term of service; also that personal property to the amount of $1,000 in addition to that already exempted by law should be exempt from attachment or service. The sole exceptions to the former provision were proceedings upon official bonds; actions in which the party in the service was jointly liable with a partner or person not in the service; and cases in which the court "may be satisfied that great injustice would be done by such continuance." The exceptions to the latter provision were personal property held in partnership and that "whereon attachment had been made upon mesne process prior to the date of enlistment of the defendant."[1] A further act, passed and put into effect on April 7, 1917, provided that "whenever the governor shall believe it necessary or expedient for the purpose of better securing the public safety or the defense of the state, he may take possession" of any buildings, machinery, or equipment (in addition to various other enumerated articles) "which may be necessary or convenient for the use of the military or naval forces of the state or of the United States, or for the better protection of the state or its inhabitants." The owner of the property was, of course, insured a reasonable compensation.[2]

2. *Connecticut.*—Connecticut likewise enacted war-emergency legislation in 1917. Relying on the authority thus granted, Governor M. H. Holcomb, on May 1, 1918, sent a special communication to the prosecuting agents and to the courts having jurisdiction over summary processes. Mentioning the evils due to rent profiteering, he continued:

> The State Council of Defense . . . . has with my approval taken action in this matter and among other things has passed the following votes: *Voted*

[1] *Emergency War Measures Enacted by the Seventy-eighth Legislature of the State of Maine*, chap. 273, secs. 1 and 2.

[2] *Ibid.*, chap. 284, secs. 1, 5, 6, 7.

That this Council request the Governor to request the courts appointing prosecuting officials that they require such officials to see that all laws and municipal ordinances relating to the public health be rigidly enforced, and that the Governor be requested to notify all such prosecuting attorneys and all grand jurors that they make special endeavors to have all laws and municipal ordinances enforced, and that he will hold them to a strict performance of this public duty. *Voted*, That the Governor be requested to issue a request to all courts having jurisdiction of actions of summary process that they cause prosecuting attorneys or grand jurors in their jurisdiction to be given notice of such actions within their jurisdiction and by requiring such officials to appear in said action, investigate each case, and if it appears that the national interest or public safety is seriously jeopardized by unreasonable and exorbitant rent charge for the non-payment of which eviction is sought, that such officials move for the continuance of the case until the present emergency is passed, provided the tenant shall tender to his landlord in full payment of rent due, such amount as said officials shall determine to be the fair rental value of said premises due. . . . . I beg to call attention to . . . . the provisions of Section 44 of the Public Acts of 1917 under which I am directed to render to the Government of the United States in the present crisis any assistance within the power of the State, and to that end and for the purpose of providing for the public safety, I am authorized to exercise any and all power convenient or necessary in my judgment, and under which it is the duty of every public official in the State to furnish to me such information and assistance as I may require in the execution thereof.

Supplementing the above action, rent commissions consisting of three representative citizens were appointed for the cities of Bridgeport, Derby, Groton, Hartford, New Haven, New London, Seymour, and Waterbury. These commissions received complaints and, in so far as the latter seemed justifiable, they exercised their authority and moral influence toward effecting a reasonable and a satisfactory adjustment.

3. *Massachusetts.*—On May 26, 1917, the legislature of Massachusetts approved an act containing provisions similar to those mentioned above as enacted by Maine, though somewhat more sweeping in that the governor is empowered to take possession "of any land or buildings"—in addition to other things—whenever he "shall believe it necessary or expedient for the purpose of better securing the public safety or the defense or *welfare* of the commonwealth."[1] It was in virtue of the special authority thus granted

[1] *General Acts*, 1917, chap. 342. The word "welfare" is italicized by the writer to bring out the difference between this provision and the corresponding one in the legislation of Maine.

him, that on August 28, 1918, (Acting) Governor Calvin Coolidge issued a proclamation in which, after calling attention to the injury caused by unjust rentals and evictions to the public safety and welfare, he stated:

> Now, therefore: I, Calvin Coolidge, Lieutenant Governor, Acting Governor, by virtue of the authority vested in me by chapter 342 of the General Acts of 1917, having determined that circumstances warrant the exercise of the powers hereinafter mentioned, do hereby, with the approval of the council, confer upon the following named person, to wit: Henry B. Endicott, Executive Manager of the Massachusetts Public Safety Committee, the power and authority in the name of the Governor of the Commonwealth to take possession of any buildings and so much of the land of the owners of such buildings adjacent thereto as he may determine, which buildings are or may be occupied by workmen or the families of workmen employed in the production of munitions of war, ships, or articles, materials, or substances directly or indirectly used or employed in the prosecution of the war, for such time and in such manner as he shall deem for the interest of the Commonwealth or its inhabitants, together with the power and authority granted by section 23 of said act to conduct any investigation he deems expedient with reference to housing facilities for war workers, to publish, as therein authorized, any data obtained, and in making such investigation to exercise all the powers which might be exercised by the Governor by virtue of said section in aid thereof. And I do hereby direct him forthwith to prepare and publish rules and regulations governing the conduct and action of such landowners and landlords with reference to such properties and tenants, in default of the observance of which the powers hereby conferred will be exercised.

No rules or regulations of this latter sort, however, were ever published or adopted. It was found that the issues involved were so complicated and the cases so diverse as to make extremely difficult the formulation of any general rules which would not involve hardship or injustice to particular landlords or tenants. Tenants complaining of exorbitant rental or of eviction and applying to Mr. Endicott for redress were required to present the relevant facts on a specially provided blank, which contained space also for the signature of the employer approving the application made by the tenant. Each case was then dealt with on its own merits.

4. *New Jersey.*—In New Jersey, where likewise the chief executive was given added powers through an Emergency War Act passed in 1917, Governor W. E. Edge issued a proclamation,

on October 5, 1918, calling for complaints concerning rent profiteering and illegitimate eviction, and saying, in part:

> The trouble has been not that local authorities are disinclined to prosecute but rather that the authority for prosecution has been difficult to find. I propose to find the remedy even if it is necessary to proceed under the broad executive powers granted by the act of 1917; but it seems to me that the unreasonable figures of rentals come within the criminal classification of the receiving of monies under false pretenses and as such constitute an act which may properly be brought to the attention of the grand inquests in the counties.[1]

The complaints received were referred to the county prosecutors of the pleas with the request that they be individually investigated and, if found substantial, be returned to the governor with the proper affidavits. These cases were then referred in turn to the United States Housing Corporation for such action as was found possible in co-operation with New Jersey officials. In some sections of New Jersey, moreover, particularly in Hudson County, the judges of courts having jurisdiction in landlord and tenant cases agreed to suspend judgment of eviction in cases in which regularly established and representative local committees of investigation reported, upon careful consideration, an element of profiteering.

5. *Nevada.*—The 1917 session of the Nevada legislature modified the law relating to notices in the case of rentals from month to month in such a way as to insure to tenants at least fifteen days' notice. Though not made in contemplation of war needs in particular, this provision became operative and was serviceable during the war.

6. *Virginia.*—On March 16, 1918, the General Assembly of Virginia enacted a statute providing that all legal proceedings, civil or criminal, in which one of the parties is engaged in the military service of the United States should be continued during the period of such service.[2]

While the war period, happily, was otherwise very fruitful in the way of general building and housing legislation, more especially in Michigan, Minnesota, Iowa, Wisconsin, New York, Pennsylvania, and Indiana, the statutes above referred to seem to represent

[1] Quoted from *Housing Betterment*, October, 1918, p. 45.

[2] *Laws of Virginia*, chap. 376.

the sum total of all state legislation relating to the regulation of rentals or of the conditions of eviction during the stress of the war.

The acts passed in 1917 by the special session of the Maryland legislature present something of an anomaly. Chapter 22 provides for the suspension or stay during the continuance of the war of proceedings at law or in equity by or against persons who are in some form of national service connected with the prosecution of the war. Chapter 23 grants a suspension or stay during the continuance of the war of

> any judgment, order or decree, levy, right of entry or foreclosure, lien, power of sale, forfeiture or default, on application by or on behalf of persons against whom or against whose property interests the same may be executed or enforced, and who are unable, by reason of circumstances directly attributable to the present war, to make payment or satisfaction thereof.

Both acts provide for three exceptions, and these include "the recovery of rent," as well as "the recovery of wages or salary," and "monies due in any trust or fiduciary capacity."

Summary.—Specific war legislation involving a regulation of rentals and evictions was thus confined to five states. The central features of the statutes were the prohibition of legal actions against persons in the military service of the United States and the granting of special authority to the governor whereby he was empowered to requisition buildings under certain conditions and in accordance with prescribed methods. In Massachusetts this authority was delegated to the executive manager of the Massachusetts Public Safety Commission, to whom the power proved of help in inducing landlords to abate unreasonable demands. In eight cities of Connecticut rent commissions were appointed for the purpose of adjudicating complaints and of doing everything possible under the law or by moral suasion toward preventing rent profiteering. In both Connecticut and New Jersey, courts having jurisdiction over cases of eviction were requested to suspend judgment whenever the public safety or welfare was being threatened as a result of exorbitant demands on the part of the landlord.

Thus the action taken was much more conservative than that of France, which not only forbade or continued legal proceedings involving men with the colors but also provided, in certain cases,

for exemption from the payment of rent and for the cancellation or extension of leases; more conservative also than the legislation of Great Britain and of New Zealand whereby increases in rental and evictions were very sharply restricted; more conservative even than the act of New South Wales establishing fair-rents courts definitely instructed with reference to the net returns which might be allowed to landlords.

FEDERAL LEGISLATION

The requisition of dwellings.—On March 1, 1918, Congress voted authority to the United States Shipping Board Emergency Fleet Corporation to purchase, lease, requisition (including requisition for use), or condemn land and houses for housing purposes for the use of Corporation employees; also to construct, sell, lease, or exchange such houses, and to make loans to persons or corporations, for a period not to exceed ten years, to provide housing facilities. The power thus given to requisition houses or the use of houses, as might be necessary for shipyard workers, was employed only rarely, but it gave the Corporation a powerful weapon toward protecting its employees against extortionate rentals or unjust eviction. For even though adequate provision was made for just compensation in cases of requisition, landlords almost invariably acceded to reasonable terms in preference to being deprived of the control of their property. In Wilmington, Delaware, for example, the Corporation, up to August 28, 1918, succeeded in settling 275 complaints of profiteering with fairness to all and was compelled to requisition the temporary use of only two houses.[1]

Additional powers of requisition were created by the Urgent Deficiencies' Act, 40 Stats. 345, which empowered the President

> to acquire or provide facilities additional to those now in existence for the construction of torpedo-boat destroyers, their hulls, machinery, and appurtenances, including the immediate taking over for the United States of the possession of and title to land, its appurtenances and improvements, which he may find necessary in this connection.

By threatening to recommend to the Department of the Navy the use of this power, employment managers, city officials, local

[1] See *Hearings before the Committee on Public Buildings and Grounds (House of Representatives) on H.R. 12818* (also H.R. 12835), p. 15.

committees on rent profiteering, the U.S. Homes Registration Service, and committees on housing generally, were able, in hundreds of cases, to dissuade landlords from gouging or dispossessing tenants engaged in work connected with the construction of torpedo-boat destroyers. In cities where such work was considerable, moreover, the law, in its effect, served to stabilize housing conditions generally.

The authority given the President on May 16, 1918, to expend $60,000,000 (appropriated on June 4, 1918, and, on July 8, 1918, increased to $100,000,000) toward the housing of industrial workers engaged in arsenals, navy yards, or essential war industries led to the formation, on June 4, 1918, of the Bureau of Industrial Housing and Transportation in the Department of Labor and, on July 25, 1918, of its executive agent, the United States Housing Corporation. Objections in the Senate, however, had led to the elimination from the legislation basal to the Bureau of Industrial Housing and Transportation of a provison which would have granted powers of requisition similar to those enjoyed by the Shipping Board. Through the establishment of local agencies, as will later be described, the Bureau achieved decided success in combating rent profiteering. Nevertheless, there were numbers of stubborn cases, and the local agencies felt it imperatively necessary that there be legal authority which they might invoke. On August 29, 1918, therefore, Representative Clark, of Florida, introduced into the House a bill empowering the President to designate areas where workers reside who are engaged in essential war industries. Within these areas the President (through such agency as he might designate) was authorized to investigate complaints of excessive rental. If these complaints were discovered to be well founded and if the lessor, after due notice, refused to accept a rental which the designated agency deemed reasonable, then, and in that event only,[1] the latter was empowered to requisition the property for a period not to extend beyond the close of the war, and to lease it to such person and upon such terms as it might determine. The bill provided that a just compensation be

[1] The power stipulated, thus, is not as sweeping as that which had been granted the Shipping Board.

paid by the government for requisitioned property, but it left undetermined the method by which this was to be computed except to say that the rental as of August 1, 1914, was to be taken into account. Unfortunately, action upon this bill was delayed with the result that the armistice came before it reached a vote.

Soldiers' and Sailors' Civil Relief Act.—The comprehensive, though tardily executed, Soldiers' and Sailors' Relief Act of March 8, 1918, contained important stipulations concerning rentals and evictions, as follows:

> That no eviction or distress shall be made during the period of military service in respect of any premises for which the agreed rent does not exceed $50 per month, occupied chiefly for dwelling purposes by the wife, children or other dependents of a person in military service, except upon leave of court granted upon application therefor or granted in an action or proceeding affecting the right of possession.
>
> On any such application or in any such action the court may, in its discretion, on its own motion, and shall, on application, unless in the opinion of the court the ability of the tenant to pay the agreed rent is not materially affected by reason of such military service, stay the proceedings for not longer than three months, as provided in this Act, or it may make such other order as may be just.
>
> Any person who shall knowingly take part in any eviction or distress otherwise than is provided in subsection (1) hereof shall be guilty of a misdemeanor, and shall be punishable by imprisonment not to exceed one year or by fine not to exceed $1,000, or both.

Further provisions safeguard the interests and rights of those in the military service on the occasion of any legal proceedings whatsoever that may be commenced against them.

Measures restricted to the District of Columbia.—So far as government employees and those engaged on war contracts were concerned, the most obvious need for protection existed within the District of Columbia. The situation there brought on by the enormously large additions to the personnel of the various federal departments was peculiarly acute by reason of the fact that in Washington the percentage of renters and roomers has always been exceptionally large. Taking into account the further fact that the District of Columbia is under the immediate government of the federal authority, it is not unnatural that the first bills to be

introduced into Congress for the purpose of regulating the rentals of people as a whole had reference to the District of Columbia.

On February 23, 1918, Mr. Tinkham proposed a bill providing for the appointment by the President of a Rent Administrator,

who shall be a citizen of the United States and resident of the District of Columbia, who shall have full power and authority, under the direction of the President, to revise and change and (or) to fix, upon request of any party or person in interest, or otherwise as the Rent Administrator may determine, the amount of rent which can be lawfully charged and received for the use and occupation of any real estate in the District of Columbia which is now or may hereafter be rented, leased, sub-leased, used, or occupied by any party or person; and any and all orders of the Rent Administrator revising and changing existing rents shall relate back to and take effect as of the date of the approval of this Act by the President: *Provided*, That any party in interest may prosecute an appeal from any order of the Rent Administrator to the Board of Rent Appeals provided for in this Act, under and in accordance with such rules and regulations that may be made respecting appeals; and until such appeals shall be decided by the Board of Rent Appeals the order of the Rent Administrator shall be superseded by the appeal.[1]

On March 12, 1918, and thus only shortly after the introduction of the Tinkham bill, the House of Representatives passed a much more radical measure drafted by Mr. Ben Johnson, a member from Kentucky. This bill provided that, until one year after a treaty of peace with Germany, there should be an annual tax of 100 per cent on all income from real estate[2] in the District of Columbia received after April 1, 1918, in so far as this was more than 10 per cent in excess of that for a like period during the year immediately preceding September 30, 1916; or, in case no income was then received, was more than 10 per cent of the value of the property (as determined by the assessor of the District of Columbia for the purposes of the act) plus the actual costs to the landlord of heat, light, and elevator service furnished by him. An additional deduction from the gross income was allowed of an amount equal to 10 per cent of the actual cost of any improvements—other than repairs necessitated by the ordinary wear and tear—

[1] See H.R. 10202, sec. 4, Sixty-fifth Congress, second session.

[2] Real estate was defined as including "lands, buildings, parts of buildings, hotels, houses, dwellings, apartments, rooms, suites of rooms, and every other improvement or structure whatsoever on land situated and being in the District of Columbia."

made since September 30, 1916. Persons subject to the tax were required to make returns, at fixed periods, on special forms. Taxes and penalties stipulated by the law were made superior liens

on the property, both real and personal, from the use or occupancy of which the taxable income has been derived: *Provided, however,* That the entire personal property, without any exemption whatever, shall be exhausted before the real estate is proceeded against for either taxes or penalties.[1]

After its passage by the House, the Johnson bill came to hearings before a Senate Committee. Real estate owners and agents and representatives from various organizations from the District of Columbia were present to voice their objections. Some of the points stressed were: (1) legislation should not be restricted to the District of Columbia but, if enacted at all, should apply to the country at large; (2) legislation should not proceed by indirection, that is, it should not be along the lines of a taxation measure but of a criminal statute; (3) no attempt to fix rentals should be made except in cases of actual complaint; (4) by setting a fixed rental the bill lacks the plasticity, for example, of the one introduced by Representative Tinkham, and fails entirely to provide for possible and probable changes in conditions; (5) it is unfair to penalize an owner by a lien on his property when it is the tenant who charges more than the stipulated rental in subletting or in renting rooms; to do this, moreover, would cause many owners to withdraw their property from rent and would therefore render the housing congestion even more serious than it already was; (6) the bill discriminates in favor of those who have made a practice of renting houses and rooms before September, 1916, as against those who did so since then or would in the future be willing to do so; for the rental received immediately prior to September 30, 1916, plus 10 per cent exceeds a rental equal to 10 per cent of the value of the property; (7) the bill would discourage the building of new structures for rental purposes; (8) the room rent which it allows would be so small as to keep many householders from letting out their rooms; (9) the actual conditions are so variable and so complex as to make unjust, in great numbers of cases, any law as general as the one proposed; (10) the 10 per cent allowed in excess of rentals

[1] H.R. 9248, sec. 3, Sixty-fifth Congress, second session.

immediately prior to September 30, 1916, is inadequate to meet the increased costs; (11) the particular date selected for the base is unjust, inasmuch as many structures were at that time vacant and rents were therefore abnormally low—so low, in many cases, as not to give the owner any, or at least but a very inadequate, return on his investment.[1]

Though Representative Johnson defended his bill vigorously, it was presented to the Senate with an amendment in the nature of a substitute, and was in this form passed on May 11, 1918. This amendment recurred to the plan of a Rent Administrator, appointed by the President. Similarly to the New South Wales Act, however, it made certain stipulations with respect to what rentals should be allowed. These were not to exceed the rents in force on October 1, 1917;[2] or if the property was not then rented, the last rental before that date; if rented only after that date, the rental might not exceed 7 per cent net on a valuation equal to the assessed valuation for taxation plus 50 per cent. Increases in rent might be allowed amounting to 7 per cent per annum on improvements or structural alterations other than decoration and repairs. Should the rent permitted by the foregoing provisions fail to yield 7 per cent per annum net on the valuation as above appraised, it might, upon application of the landlord, be increased by the Rent Administrator to a figure not to exceed this amount. It was stipulated that in fixing rents account should be taken of taxes and assessments, actually incurred costs of reasonable repairs and maintenance, as well as of insurance, light, heat, water, elevator and other service, and of losses through depreciation and non-occupancy. Thus, whereas the Johnson bill restricted the *gross* return from rented dwelling property, the Senate Amendment, sometimes known as the Pomerene bill, attacked the practice of rent profiteering by limiting the *net* return which owners might be allowed to secure. Rents in excess of those provided by the act were declared void; if paid after the passage of the act, they

[1] See *Hearings before the Subcommittee on the District of Columbia (U.S. Senate) on the Bill H.R. 9248.*

[2] A date only one day later than that set by the Johnson bill, but the beginning of a new rental year.

were made recoverable. Provision was made for appeal from the findings of the Rent Administrator to a Board of Appeal, and again from the latter to the Supreme Court of the District of Columbia. It was further stipulated that houses or buildings unoccupied during the three months preceding the passage of the act, or for a period of three months after the passage of the act, might be commandeered by the President and used for war or government purposes. The bill contained a further important section which, with slight modifications, became the Saulsbury Resolution, presently to be quoted.

In connection with the making of arrangements for a meeting of the Senate and House conferees on the Johnson bill, Mr. Johnson urged the following series of questions, which forcibly bring out his objections to the Senate bill and, by implication, his defense of a bill along the lines of that drawn up by him and adopted by the House:

1. Are you unalterable in your purpose to create a Rent Administrator?

2. If so, are you unalterable in your purpose not to intrust the work with anyone unless he be a resident of the District of Columbia?

3. Are you unalterable in your purpose not to permit the President to select a Rent Administrator for the District of Columbia just as he selected a Food Administrator and Fuel Administrator, i.e., without your consent and approval?

4. Are you unalterable in your seeming purpose to permit profiteering in house rents by imposing a fine less than the amount of the profiteering; or will you accept some plan like that recently suggested by the President in his message to Congress whereby all the money taken in a profiteering transaction shall be surrendered?

5. Are you unalterable in your adherence to that part of the Senate Bill which will compel the tenant to leave his work as often and as long as it would be necessary for him to leave it in order to prosecute or defend the several appeals allowed?

6. Are you unalterable in your purpose not to fix a gross return to the landlord; but, instead, to give him a "net" return, notwithstanding the fact that thereby the landlord would have no interest whatever in keeping down the operating expenses of the premises?

7. Are you unalterable in your purpose to saddle upon the tenant the cost of permanent street and similar improvements to the real estate alone, notwithstanding the fact that the erstwhile tenant enjoys the building alone?

8. Are you unalterable in your purpose to compel the tenant to account for "vacancies" in the house and "depreciation" of the house and not allow

him to offset that by the growing increase in the value of the land upon which the house stands?

9. Are you unalterable in your purpose to permit a landlord to profiteer with a business house because it may once have been used as a residence?

10. Are you unalterable in your purpose to fasten the present annual rates of rental on the tenant by fixing the rates in effect on the first day of last October as a basis?

11. Are you unalterable in your purpose that the rental for furniture shall be as much as 30 per cent of its value?

12. Are you unalterable in your seeming purpose not to punish profiteering corporations to the same extent that you would individuals who profiteer?

13. Are you unalterable in your seeming purpose to exempt "the original landlord" from all the provisions of the bill by your definition of "landlords"?

14. If you are unalterable in your seeming purpose to adhere to the remedy of "fine" instead of that of "taxation," as set out in the bill passed by the House, would you be in favor of having a fine levied on all those who violate any provision of the Act, or would you insist upon limiting it to those only who evade or attempt to evade its provisions?

By reason of these questions, of a further letter addressed by Mr. Johnson to the Senate conferees, and of remarks seriously reflecting "upon the honor and integrity of the Senate," the Senate passed a resolution on June 4, 1918, excusing its conferees on the bill from further service. On September 6, the Senate incorporated the provisions of its substitute bill as an amendment to the House Bill No. 11945, "An Act to Enable the Secretary of Agriculture to Carry Out, During the Fiscal Year Ending June 30, 1919, the Purposes of the Act Entitled 'An Act to Provide Further for the National Security and Defense by Stimulating Agriculture and Facilitating the Distribution of Agricultural Products.'" But neither this amendment nor the Johnson bill ever became a law.

In the meantime, however, on May 31, 1918, the serious consequences of the housing congestion in the District of Columbia were so apparent as to compel the passage of a joint resolution to the following effect:

That until a treaty shall have been definitely concluded between the United States and the Imperial German Government, unless in the meantime otherwise provided by Congress, no judicial order, decree, or judgment for the recovery of possession of any real estate in the District of Columbia, now or hereafter acquired by oral or written agreement of lease for one month or any longer period, or for the ejectment or dispossession of a tenant therefrom,

shall be made, and all leases thereof shall continue so long as the tenant continues to pay rent at the agreed rate and performs the other conditions of the tenancy which are not inconsistent herewith, unless the tenant has committed waste or has been guilty on the premises of conduct which constitutes a nuisance or a breach of the peace, or other misdemeanor or crime, or that the premises are necessarily required by a landlord or bona fide purchaser for occupation either by himself or his wife, children, or dependents while he is in the employ of or officially connected with any branch of the government, or where the property has been sold to a bona fide purchaser for his own occupancy. . . . . That the term "real estate" as herein used shall be construed to include any and all land, any building, any part of any building, house, or dwelling, any apartment, room, suite of rooms, and every other improvement or structure whatsoever on land situated and being in the District of Columbia.

This measure, known as the Saulsbury Resolution, was designed but to pave the way for more comprehensive legislation. It so happened, however, that no subsequent legislation was enacted. The constitutionality of the Saulsbury Resolution was attacked time and again, but is was upheld by the courts and the measure proved of inestimable value in stabilizing housing conditions in the District of Columbia.

Measures proposed for the country at large.—The first serious legislative attempt to strike at rent profiteering throughout the country as a whole was the Darrow bill, introduced into the House of Representatives on June 10, 1918. The shaping of this measure was guided by the legislation of Great Britain. The bill was made applicable to all municipalities having a population of 30,000 or more, according to the census of 1910, and to such other areas as might be designated from time to time by the President, though restricted to housing accommodations whose normal rental did not exceed $50 per month. "Normal rental" was defined as the agreed rental on April 6, 1917; or, if the premises were not then rented, the last previous agreed rental; or, if the premises had not been rented previously, the first subsequent agreed rental. Except by an amount to cover any increases in taxes, rents in excess of the normal rent were prohibited except through a written agreement between lessor and lessee, or upon leave of the District Court; nor, without such leave, could any eviction be made. The court was authorized in its discretion to stay proceedings for not

longer than three months, or to make such other order as might be just. During the hearings on this bill before a subcommittee of the Committee on the Judiciary, various amendments and additions were suggested, but neither these nor the bill reached a vote.

The only further attempt at general legislation which requires mention—other than the Clark bill already described under the topic of "The Requisition of Dwellings"—was made on June 21, 1918, when Mr. Crosser introduced into the House of Representatives a bill patterned very closely after the Johnson bill drafted for the District of Columbia. No action, however, was taken on the Crosser bill.

As concerns the country at large, therefore, the only federal legislation regulating rentals and evictions was that mentioned above under the headings "The Requisition of Dwellings," and "Soldiers' and Sailors' Civil Relief Act."

LOCAL COMMITTEES ON RENT PROFITEERING

Reference has already been made to local committees, commissions, and agencies called into being for the purpose of curbing the practice of rent profiteering. These committees played so important a rôle that their organization, methods, and achievements deserve a somewhat detailed account. Because of the dearth of legislation, the burden of the task rested upon them.

Organization and methods of procedure.—During the spring of 1918 the grievances of tenants in New London, Connecticut, became so serious and so numerous that the Bureau of Industrial Housing and Transportation, to whom the complaints came, took up the matter with the War Labor Policies Board. The latter at once sent an agent to New London to devise some plan whereby grievances might be satisfactorily adjusted and landlords kept from attempts to profiteer. In co-operation with local manufacturers and the Central Labor Union, a committee was organized consisting of twenty-four members representing all the important interests involved. The chairman then appointed four subcommittees of six members each, with equal representation of labor and of property owners or real estate men. The general committee retained complete jurisdiction over the subcommittees, with the power, for

cause, to remove any of their members. Tenants were invited to present their grievances on specially provided blanks to the secretary of the "Committee of Twenty-four," who, in turn, referred the cases, according to convenience, to one or the other of the sub-committees. The latter then summoned both landlord and tenant to appear before them and to present such relevant facts as they might desire. If the committee judged the landlord justified in his attitude and charges, it endeavored so to persuade the tenant; in any event, it dismissed the case. If the rental was esteemed extortionate, or if the landlord had failed to carry out expressed or implied agreements with respect to repairs or improvements, the committee sought to persuade him to just and reasonable action. Its appeal was primarily to the sense of fairness, to patriotism, and to civic pride. It had the backing, however, of the public conscience and public opinion—forces which few dare to defy. As a last recourse, it published all the facts of the case, though without comment, in the local press. Careful records were kept for use in case the matter were carried to an appeal committee[1] or to the courts.

The success of the New London plan was so conspicuous that the Division of Homes Registration and Information, Bureau of Industrial Housing and Transportation, promoted the establishment of similar agencies, which thenceforth operated under its supervision and reported to it. In all, there were eighty-two committees, in as many different cities, with which the Division kept in more or less regular touch. In seventy-one additional cities complaints of rent profiteering were dealt with by the Division either directly through correspondence or through other agencies such as the Council of Defense, the Legal Aid Society, the U.S. Homes Registration Service, or some housing committee.

[1] In this case the committee appointed by the governor.

An interesting description of the "New London plan" has been furnished by the chairman of the committee, Mr. John C. Ellis, in an article on "Rent Profiteering," National Conference on Housing, *Housing Problems in America*, VII (1918), 140–46. The same volume, pages 128–39, contains an informing account of the efforts made by the United States Housing Corporation to combat rent profiteering; coming, as it does, from the pen of Dr. James Ford, who was manager of the Division of Homes, Registration and Information of the Housing Corporation. This account is peculiarly authoritative.

While the New London plan was closely followed in a considerable number of cities, there were not a few divergencies as regards both organization and operation. In Buffalo, New York, Newark, New Jersey, and Jersey City, New Jersey, for example, district committees of three (representing, for the most part, labor, law, and real estate) were established, together with a review or appeals committee of three. Several cities, particularly in Ohio, had committees of only three, five, or seven members, who always acted as a single body. In Cleveland, Ohio, on the other hand, there was a secretary who received complaints in an office in the City Hall. Many of the cases he was able to dispose of at once. The others were put into writing and a time was set when both tenant and landlord were to appear before an officially appointed Rent Adjuster. Cases which the latter was disinclined, for one reason or another, to adjudicate were referred by him to a civic committee on rent profiteering. The latter acted also as a body of appeals. In Philadelphia, all cases were referred to the counsel for the Fuel Administration, whose large success was due to fine judicial qualities combined with a courageous fairness, though also to his threat of refusing to permit a further supply of coal to houses from which war workers were evicted merely because of a refusal to pay an exorbitant rental. Generally speaking, however, it was the policy of the Washington authorities to encourage, wherever feasible, the organization of fairly large and widely representative committees, to act by thoroughly democratic methods similar to those used in New London.

Standards for determining fairness of rental.—In general, it was not the aim of committees to determine with exactness and in the abstract what rentals would be just in order then to enforce their conclusions. They set themselves, rather, the task of adjustment and mediation, of effecting an agreement between landlord and tenant, and, in addition, of fostering good feeling and confidence. Their efforts, that is to say, were not so much judicial as conciliatory. Nevertheless, inasmuch as the most secure basis of agreement and confidence is justice, the committees were compelled, even when considering each case pretty much by itself and on its own merits, to use some general principle or standard in the

determination of what in the concrete they would regard as a fair rental. The Division in Washington made it a fixed policy to treat the committees as essentially local agencies. For this reason and also because of wide divergencies between localities in such matters as rates of interest, opportunities for investment, character of housing and amount, kind and costs of service rendered, it left the determination of the standard of fairness to the discretion of committees.

The determination of a just and practicable criterion for evaluating the fairness of rental charges offered a difficult problem. France, as we have noticed, escaped it entirely; Great Britain and New Zealand met it only indirectly in that they enacted a measure making irrecoverable, after November 25, 1915, all but three definitely specified increases in rental or mortgage interest over those in force on August 8, 1914; New South Wales directly faced the problem and solved it by fixing the net return which owners might be allowed to receive on the value of their property. The provisions of the bills introduced into Congress were strikingly divergent. The Darrow bill followed closely the legislation of Great Britain. The Soldiers' and Sailors' Relief Act, in effect, practically prevented any increases within the scope of its application. The Tinkham bill left the determination of the fair rental to the discretion of a proposed Rent Administrator. The Clark bill did likewise, although it specified that the rental as of August 1, 1914, should be taken into account. The Johnson and the Crosser bills, recognizing that increased costs necessitated an advance in rentals, stipulated 10 per cent as the maximum increase to be allowed over the rental as of September 30, 1916, this date being selected because it was the close of the renting period immediately preceding that in which legislation was acknowledged to be necessary for the purpose of preventing exorbitant rental charges; in the case of dwellings rented only after that date, the bills proposed a *gross* return as the standard of fairness. But there were obvious objections to this procedure, and so the Senate substitute, the Pomerene bill, stipulated a maximum *net* return. But this principle also seemed defective, as was emphasized by Mr. Johnson in his list of questions to the Senate conferees.[1]

[1] See above, pp. 23 ff.

It is not surprising, therefore, that the judgments and practices of the local committees varied. (1) In various cities it was deemed advisable to adopt some basic date. In Bath, Maine, for example, August 1, 1914, was selected. To rentals as of that date two dollars per month was added for the installation of a flush closet and four dollars per month for a bathroom; an increase of 20 per cent over the total thus reached was allowed in view of the increased costs of repairs and upkeep. If the fairness of the rental on August 1, 1914, was called in question, the matter was settled by seeing whether it exceeded 10 per cent per year on the tax valuation increased by one-third. In Wilmington, Delaware, it was suggested that 15 per cent would be the legitimate increase over the rental of 1914; in Newark, New Jersey, 20 per cent was accepted. An authority in Boston proposed taking the figures which the accounts of 1917–18 show to have been fair, and adding actual increases (as nearly as they could be estimated) in the items of coal, laundry, gas, and refurnishings; also a small sum to provide for the increased cost of living of the landlord. The chairman of the Philadelphia committee expressed the judgment that a fair rental would be the rental as of January 1, 1918, increased by an amount sufficient to cover (*a*) any subsequent increase in taxes; (*b*) 10 per cent per annum of the costs of any improvements made either at the request of the tenant or to better sanitary conditions; and (*c*) 5 per cent on repairs made to maintain the property in good condition. He held, however, that there were exceptional cases in which increases in excess of the above were justified. (2) In other cities, it was the gross returns which were taken into account. The standard adopted in Sharon, Pennsylvania, for detached houses was 10 per cent of the value of the property as the annual rental. The New London, Connecticut, committee computed the fair rental of houses by taking 10 per cent of the assessed valuation increased by one-third, and making allowances for repairs or alterations that were in any way extensive. A plan widely adopted in Chicago is to distinguish three classes of apartment buildings: those heated by tenants; those in which the owner furnishes heat and janitorial service, with building fairly modern; and those in which the owner furnishes heat and janitorial service, with building not

modern. Prior to the war the annual rentals were set, respectively, at 10 per cent, 15 per cent, and 18 per cent of the appraised value of the properties. During the war conditions, however, 2 per cent additional in all three cases was not deemed excessive. It was estimated that, with proper management, this rental would yield owners approximately 6 per cent net on the appraised value of the property. (3) Other committees believed it fairer to compute rentals on the basis of the net return to be allowed on the investment. Berkeley, California, set the figure at 6 per cent; elsewhere 7 per cent and also 8 per cent were considered just. In the case of apartment buildings, the committee of Allentown, Pennsylvania, took 6 per cent of the sound valuation and added the taxes and the cost (as shown by actual expenditures of the preceding year) of heat, light, cleaning, insurance; it added also 10 per cent of the total cost of a new roof and an allowance for inside and outside repairs amounting to 20 per cent more than the actual expenditures of the preceding year. In Cleveland, Ohio, it was the practice to figure 8 per cent on the investment, 2 per cent for maintenance, 1 per cent for vacancies, besides the actual taxes, insurance and water rates paid, as well as the cost of janitorial service, coal, gas, and light. This, however, represented not a fixed rule so much as a guiding standard, from which there were departures whenever these seemed necessary to insure "reasonableness."

Means of securing compliance with decisions.—In the case of dependents of soldiers and sailors, and in the case also of workers in shipyards or those engaged in the construction of torpedo-boat destroyers or their parts, and in the case likewise of residents in the District of Columbia, the committees had little difficulty in adjusting complaints, inasmuch as there was specific legislation to which they could appeal. In the case of other complaints the committees were greatly aided by the fact that they were very commonly supposed to possess a legal authority which they really lacked. The federal government was imposing numerous restrictions, through the food and the fuel administrations, and was otherwise manifesting an increased authority. This created a psychological atmosphere making for compliance with the rules

and the decisions of all bodies established to meet war conditions. Moreover, the committees had at their command numerous other forces by which to induce owners to comply with what was adjudged fair. These were: (1) Appeals to reason and the sense of fairness, peculiarly effective because of the representative and impartial character of the carefully selected committees. (2) Patriotism. (3) Civic pride. (4) Employing a standard of fairness which real estate men themselves, or the local Real Estate Board, had, upon request, furnished; in other cases, using a committee of the Real Estate Board to make the appraisals on which the rent was computed. As a result, real estate men quite generally refrained from asking or collecting rent in excess of the above; when more was demanded, the committee was in a more favorable position to insist that the demand be withdrawn. (5) Agreements of owners and operators regarding rentals. The following agreement, for example, was signed by sixteen important owners and operators in Warren, Ohio:

> We, the undersigned owners and operators of housing properties in Warren, Ohio, agree that from this date to the ending of the war we will not raise rents above the present prices. That we will use our full influence wherever possible that others likewise refrain from raising rents. That in the case of separate houses, we will not discriminate against families with children. That we will co-operate to the fullest extent with your board in its work, and readily abide by its decisions in housing matters, assisting you so far as we may induce owners, where rents seem unjustly high, to reduce same.

(6) Mediation of a friend or respected acquaintance or official, urging the owner to comply with the committee's decision. (7) Disapproval of (or expulsion from) the Real Estate Board, Chamber of Commerce, or similar organization. (8) Public opinion, threat of publicity, publicity. (9) Threat of increased taxes, by bringing the rent increases to the attention of the assessor with a recommendation that the valuation of the property be increased proportionately. (10) Threat of (and, if necessary, an actual) refusal to list the house or rooms on the part of the United States Homes Registration Service and of other listing agencies. (11) In cases of needed repairs, appeals to the Health Department, City Sanitarian, City Council, Tenement House Department. (12) In Philadel-

phia, particularly, the threat to shut off the fuel supply. (13) Support of sheriff, mayor, prosecuting and other attorneys, judges, and governor. In Bath, Maine, for example, the sheriff delayed serving writs of ejection upon essential war workers who were unable to find other accommodations and were abiding by the decisions of the local committee. Attorneys quite generally refused to press proceedings; courts were unusually conservative about issuing writs of ejection and, upon their own initiative or upon the request of the governor, stayed the writ of ejectment, sometimes until the close of the war. In Seattle, Washington, no eviction suits were disposed of by the superior courts until the committee had reported its findings and recommendations.

Achievements.—Through the use of one or more of these means the committees were successful, in the vast majority of cases, in bringing even recalcitrant landlords to a position of justice.[1] Forty-eight of the committees which were most active and which maintained the closest relation with the Washington office reported a total of 8,029 complaints received. With few exceptions satisfactory adjustments were mediated. While the reports frequently omitted details, the accounts of 6,073 of the adjustments were such as to permit their classification into 1,102 decisions upholding the landlord, 3,436 in favor of the tenant, and 1,535 in the nature of compromises. Doubtless many of the decisions indirectly prevented evictions. But, in addition, the committees reported the prevention of 752 evictions in cases in which the threat to evict constituted the grievance. Moreover, it is unquestionable that the very existence of the committees was a very powerful deterrent to attempts to profiteer. When the landlords of Seattle, Washington, learned that a committee on rent profiteering was to be organized, twelve of them appeared and reduced rentals of their own initiative. The work of the more active committees is well

[1] One of the field agents of the Bureau wrote, on October 28, 1918, as follows: "President Colein of Central Labor Council and Chairman of the Profiteering Committee of Portsmouth, Va., stated that their subcommittees meet every night and hear four or five cases. Friday night all cases come before the whole committee. Every case has been adjusted without publicity to the satisfaction of the committee and of both parties concerned. Have kept this up for six weeks."

illustrated by the following report summarizing the activity in Cleveland, Ohio, from October 4, 1918, to January 21, 1919:

October cases adjusted	64
November cases adjusted	102
December cases adjusted	77
January cases adjusted (first three weeks)	51
Total	294
Minor cases (advice only)	659
Total	953
Cases settled in favor of tenant	223
Cases settled in favor of landlord	46
Cases settled by landlord and tenant	25
Evictions prevented	62
Monthly rental saved to tenants	$1,765.50
Cases in which the committee published names and circumstances connected with profiteering	9

These figures represent the actual work done by the Board. It is practically impossible to estimate the saving of rents throughout Cleveland we have been responsible for. On the other hand, we have eliminated hard feeling on the part of the tenant where the landlord was justified in raising the rent. Another feature of our work that has proved very successful is in preventing an immediate eviction. That is, where the owner wished to obtain possession of his property, we have succeeded in securing a thirty or sixty day stay for the tenant which gave him sufficient time in which to secure new living quarters.[1]

[1] The following summary statement, dated December 31, 1918, indicates the work done in Philadelphia. Since June, 1918,

the Bureau has handled 1,123 cases, of which it has record. This does not include a large number of cases in which complaints were received and immediately disposed of, so that no formal record was made. Of these 1,123 cases, 314 were cases of increase of rent in individual houses; 792 were cases of notice to vacate in individual houses; 15 were cases of increase of rent in entire rows of houses; and 2 were notices to vacate in entire rows of houses. . . . . The following is a statement of the work of the Bureau in cases of which records were made:

INDIVIDUAL CASES

Not disposed of		
Notice to vacate	16	
Increased rental	12	
		28
Cases successfully handled		
Tenant vacated—coal question satisfactorily adjusted	483	
Notice to vacate withdrawn	173	
Rent reduced	134	
Increase justified	83	
		873
Cases not successfully handled		
Tenant vacated—coal question not satisfactory—house listed	35	
Miscellaneous	62	
		97
Final adjustment not known		
Miscellaneous (no word received from tenant as to final disposition of case)	108	
		108

[Footnote continued on p. 35]

The committees on rent profiteering, moreover, were frequently instrumental in bringing about needed repairs, improvement of plumbing, and proper conditions generally. In a report from Buffalo, New York, of the work done up to December 21, 1918, it was said: "In about ten cases owners were induced to put old houses into habitable condition. In one case the committee went so far even as to guarantee payment for the cleaning of the cess-pools." (A further sentence may be of interest: "In two cases profiteers were compelled to subscribe for Liberty Bonds and to the Red Cross.")

Writing to a representative of the Bureau of Industrial Housing and Transportation on November 11, 1918, Judge U. Goode, of the Civil Court, Norfork, Virginia, said:

> It has come to my knowledge on several occasions that, through the very tactful and efficient administration of your department, most complicated and apparently irreconcilable situations have been compromised and adjusted out of court in a manner satisfactory to all parties concerned, and this work, I am sure, has been more potential in bringing about satisfactory results than the decisions rendered by me.

In an appreciative article which appeared in a New London, Connecticut, daily for December 10, 1918, the following interesting and worth-while suggestion was made:

> This idea of a committee of citizens of absolutely all classes, erected for the purpose of securing even-handed justice in the matter of house rents—which originated in New London and has spread to a good many American cities—is capable of great expansion; and there is every prospect that it will be expanded, perhaps to a degree that will eventually make it one of the most valuable adjuncts of American community life.

	Rows of Houses	
Cases successfully handled		
Rent reduced	9	
Increase justified	4	
Notice to vacate withdrawn	2	
		15
Cases not successfully handled		
Rent unreasonably increased	2	
		2
Total number of cases handled		1,123

Figures for a considerable number of cities were included by the present writer in an article on "Adjustment of Rent Profiteering Cases by the Department of Labor," *Monthly Labor Review*, VIII, 283–85.

To summarize: The successful prosecution of the war, and the public safety and welfare, were menaced by the fact that a serious housing shortage in numerous industrial centers was causing abnormal increases in rent and was making possible flagitious practices on the part of landlords. Relief was sought by way of increasing the supply of available accommodations through systematic efforts to bring into the fullest service all existing structures, through the utilization of unused housing in neighboring localities and, wherever absolutely necessary, through new construction. But profiteering was likewise attacked directly. In a number of states legislative and executive forces were brought into play. The federal government, moreover, created by law the power to requisition dwellings or their use, in certain specified cases; it protected the dependents of soldiers and sailors in the possession of their homes; it placed within extremely narrow bounds increases in rental and evictions within the District of Columbia. Throughout the country as a whole, however, the burden of the direct attack upon rent profiteering fell upon local committees or agencies, established by, and acting under the supervision of, the Bureau of Industrial Housing and Transportation and the Emergency Fleet Corporation. These committees served as powerful deterrents to profiteering; they vastly reduced the number of evictions and thus stabilized housing conditions; they adjusted thousands of complaints, and did so in such a manner as to further understanding and good will both as between individual landlords and tenants and as between the several interests and classes of society.

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